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**CANADIAN GENERAL INVESTMENTS LIMITED**


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**1967**

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*Annual Report*

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# CANADIAN GENERAL INVESTMENTS LIMITED

## Board of Directors

ALEX. E. BARRON	EDWARD F. RYAN
F. R. BENNETTO, M.B.	M. O. SIMPSON, JR.
A. BRUCE MATTHEWS, C.B.E., D.S.O.	J. ALLYN TAYLOR
M. C. G. MEIGHEN, O.B.E.	COLIN W. WEBSTER
T. R. MEIGHEN, Q.C.	MARTIN L. WILLS
E. LOUISE MORGAN	DONALD J. A. WRIGHT

## Officers

M. C. G. MEIGHEN, O.B.E.	President
ALEX. E. BARRON	Vice-President and Treasurer
MARTIN L. WILLS	Vice-President and Assistant-Treasurer
E. LOUISE MORGAN	Secretary

## Auditors

PRICE WATERHOUSE & CO.	Toronto
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## Registrar and Transfer Agent

THE CANADA TRUST COMPANY	Toronto
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## Office of Company

110 YONGE STREET, SUITE 1702 (Telephone 366-2932)	Toronto
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# CANADIAN GENERAL INVESTMENTS LIMITED

TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting the Annual Report of your Company for the year ended December 31, 1967, consisting of the Balance Sheet, and Statements of Income and Expense, Surplus, and Source and Application of Funds, all as reported upon by your Company's Auditors.

The Balance Sheet discloses that the total assets of the Company, as at December 31, 1967, amounted to \$39,141,287. Marketable securities held by your Company were carried on the books of the Company at \$38,982,178. The indicated market value of these securities, as at December 31, 1967, was \$75,403,829. The indicated market value, therefore, exceeded the book value by \$36,421,651. If this amount is added to the assets, the total assets of the Company amount to \$75,562,938. From this amount should be deducted the total liabilities of the Company, namely, \$53,452, which leaves a net value of \$75,509,486. Based on the 960,941 common shares outstanding, as at December 31, 1967, each common share had an apparent equity value of approximately \$78.58.

The Statement of Income and Expense discloses that your Company, after paying all expenses, had net income for the year of \$2,594,461, which is equivalent to \$2.70 for each of the outstanding common shares.

During 1967 shareholders received stock dividends totalling \$2.40 per share in the form of immediately redeemable second preference shares as follows: 60¢ on March 30th; 60¢ on June 29th; 60¢ on September 28th and 60¢ on December 29th.



The Directors have declared a quarterly dividend consisting of two redeemable preference shares with a par value of 20¢ each, plus an extra of one redeemable preference share with a par value of 20¢, on each of the outstanding common shares, payable on March 28, 1968 to shareholders of record as of the close of business March 15, 1968. The preference shares to be issued as a stock dividend will be redeemed on March 29, 1968.

During the year the Honourable Ray Lawson tendered his resignation as a Director and Officer of the Company. Mr. Lawson joined the Board in 1945 and was elected a Vice President in 1950. It was an honour to have Mr. Lawson associated with the Company and his presence will be greatly missed.

The portfolio of investments, as at December 31, 1967, is to be found at the back of this report.

Submitted on behalf of the Board.

*Mr. C. G. McInnes*

TORONTO, January 22, 1968.

*President*

# C A N A D I A N G E N E R A L

## Balance Sheet

### Assets

	December 31	
	1967	1966
Investments in Shares (see Notes):		
Securities having a quoted market value - - - - -	\$38,982,178	\$38,916,325
(Value based on market quotations as at—		
December 31, 1967—\$75,403,829		
December 31, 1966— 69,005,316)		
Securities not having a quoted market value - - - - -	123,622	—
	39,105,800	38,916,325
Cash in Bank - - - - -	35,487	311,961
	<u>\$39,141,287</u>	<u>\$39,228,286</u>

### Liabilities

Securities Purchased - - - - -	\$ 52,292	\$ —
Income Taxes Payable - - - - -	1,160	4,141
	<u>53,452</u>	<u>4,141</u>
Capital and Surplus:		
Capital stock—		
Authorized—		
11,171,770 3% non-cumulative non-voting preference shares with a par value of 20¢ each redeemable at the amount paid up thereon, after the issue and redemption during the year ended December 31, 1967 of 11,531,292 shares		
1,000,000 common shares without par value		
Issued and outstanding—		
960,941 common shares - - - - -	24,023,525	24,023,525
Surplus - - - - -	15,064,310	15,200,620
	<u>39,087,835</u>	<u>39,224,145</u>
	<u>\$39,141,287</u>	<u>\$39,228,286</u>
Apparent liquidating value per share - - - - -	<u>\$78.58</u>	<u>\$72.13</u>

APPROVED ON BEHALF OF THE BOARD:

M. C. G. MEIGHEN, *Director*

COLIN W. WEBSTER, *Director*

### Auditors' Report to the Shareholders of

#### CANADIAN GENERAL INVESTMENTS LIMITED:

We have examined the balance sheet of Canadian General Investments Limited as at December 31, 1967 and the statements of income and expense, surplus and source and application of funds for the year then ended. Our examination included an inspection of share certificates and other evidence of the investments held by the company as at December 31, 1967 and a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, January 9, 1968.

PRICE WATERHOUSE & CO.  
Chartered Accountants.

# I N V E S T M E N T S      L I M I T E D

## *Statement of Income and Expense*

	For the year ended December 31	
	1967	1966
Income:		
Dividends received - - - - -	\$ 2,855,457	\$ 2,737,811
Less—Allowance for depletion - - - - -	93,680	85,923
	<u>2,761,777</u>	<u>2,651,888</u>
Interest earned - - - - -	28,123	35,870
	<u>2,789,900</u>	<u>2,687,758</u>
Expense:		
Management fee - - - - -	173,282	206,505
Directors' fees - - - - -	5,100	5,705
Miscellaneous - - - - -	13,147	13,971
	<u>191,529</u>	<u>226,181</u>
Net income before provision for income taxes - - - - -	2,598,371	2,461,577
Provision for income taxes - - - - -	3,910	5,265
Net income for the year - - - - -	<u>\$ 2,594,461</u>	<u>\$ 2,456,312</u>

## *Statement of Surplus*

	For the year ended December 31	
	1967	1966
Balance at beginning of year - - - - -	\$15,200,620	\$14,976,617
Net income for the year - - - - -	2,594,461	2,456,312
Net profit (loss) on investments sold - - - - -	(73,820)	75,766
	<u>17,721,261</u>	<u>17,508,695</u>
Dividends paid on common shares in preference shares subsequently redeemed -	2,306,258	2,114,070
Tax paid under Section 105(2) of the Income Tax Act - - - - -	350,693	194,005
	<u>2,656,951</u>	<u>2,308,075</u>
Balance at end of year - - - - -	<u>\$15,064,310</u>	<u>\$15,200,620</u>



# CANADIAN GENERAL INVESTMENTS LIMITED

## *Notes to the Financial Statements*

DECEMBER 31, 1967

The carrying value of investments in shares is as follows:

- (a) Shares purchased prior to 1952 are at cost or at market value in 1952 when a portion of the portfolio was written up to approximate market value as part of a capital reorganization.
- (b) Shares purchased since 1952 have been recorded at cost.

In addition, the above carrying values have been reduced by the following:

- (a) Allowance for depletion on securities where the Government of Canada grants such allowances.
- (b) Stock dividends received where such stock dividends were paid out of accumulated surplus over and above the normal dividend.

Profits (or losses) on sales of investments have been taken at the difference between the proceeds received and the average net carrying value at the date of sale.

The indicated market values of portfolio holdings are the result of pricing the company's holdings at the closing quoted market prices as at December 31. Such amounts do not necessarily represent the value of the total holding in any company which may be more or less than that indicated by market quotations.

## *Statement of Source and Application of Funds*

	For the year ended December 31	
	1967	1966
Source of funds:		
Net income for the year - - - - -	\$ 2,594,461	\$ 2,456,312
Add—Allowance for depletion which does not involve a current outlay of funds	93,680	85,923
	2,688,141	2,542,235
Sale of investments - - - - -	314,907	121,159
	3,003,048	2,663,394
Application of funds:		
Dividends paid - - - - -	2,306,258	2,114,070
Tax paid under Section 105(2) of the Income Tax Act - - - - -	350,693	194,005
Purchase of investments - - - - -	671,882	396,969
	3,328,833	2,705,044
Net decrease in uninvested funds - - - - -	\$ 325,785	\$ 41,650



# CANADIAN GENERAL INVESTMENTS LIMITED

## *Summary by Industry*

INDUSTRY	VALUE AS OF DEC. 31, 1967	PERCENT OF PORTFOLIO
Steel - - - - -	\$ 8,962,500	11.9
Industrial Management - - - - -	8,251,250	10.9
Business Forms - - - - -	8,050,000	10.7
Banks and Trust Companies - - - - -	7,788,513	10.3
Investment Trusts - - - - -	6,520,000	8.6
Metals - - - - -	6,095,000	8.1
Beverages - - - - -	5,732,500	7.6
Merchandising - - - - -	4,829,000	6.4
Forest Products - - - - -	4,622,500	6.1
Packing - - - - -	3,865,000	5.1
Oils - - - - -	3,348,000	4.4
Metal Products - - - - -	1,625,000	2.2
Miscellaneous - - - - -	1,571,035	2.1
Pipelines - - - - -	1,493,750	2.0
Utilities - - - - -	1,320,000	1.8
Textiles and Chemicals - - - - -	818,000	1.1
Finance - - - - -	511,781	.7
	<hr/>	<hr/>
	\$75,403,829	100.0

# CANADIAN GENERAL INVESTMENTS LIMITED

## Portfolio of Investments

AS AT DECEMBER 31, 1967

No. of Shares		Total Market Value \$	% of Portfolio	No. of Shares		Total Market Value \$	% of Portfolio
<b>Banks and Trust Companies</b>				<b>Industrial Management</b>			
		7,788,513	10.3			8,251,250	10.9
12,500	Bank of Montreal - - - - -	140,625	.2	170,000	Argus Corporation - - - - -	1,955,000	2.6
10,000	Bank of Nova Scotia - - - - -	141,250	.2	730,000	Argus Corporation Class "C" Prefd. - - - - -	6,296,250	8.3
648,900	Huron and Erie Mortgage Corporation - - - - -	6,407,888	8.5	<p>Note: Argus Corporation holds shares in the following companies: British Columbia Forest Products, Canadian Breweries, Dominion Stores, Domtar Limited, Hollinger Consolidated Gold Mines, Massey-Ferguson and Standard Radio.</p>			
5,000	Provincial Bank of Canada - - - - -	42,500	.1				
50,000	Royal Bank of Canada - - - - -	781,250	1.0				
20,000	Toronto-Dominion Bank - - - - -	275,000	.3				
<b>Beverages</b>				<b>Investment Trusts</b>			
		5,732,500	7.6			6,520,000	8.6
104,000	Distillers Corporation- Seagrams - - - - -	4,095,000	5.4	652,000	Third Canadian General Investment Trust - - - - -	6,520,000	8.6
50,000	Hiram Walker-Gooderham and Worts - - - - -	1,637,500	2.2	<b>Merchandising</b>			
<b>Business Forms</b>						4,829,000	6.4
		8,050,000	10.7	65,000	Canadian Tire Corporation "A" Prefd. - - - - -	2,275,000	3.0
280,000	Moore Corporation - - - - -	8,050,000	10.7	7,000	Cochrane-Dunlop Hardware - - - - -	189,000	.3
<b>Finance</b>				60,000	Simpsons - - - - -	2,010,000	2.6
		511,781	.7	20,000	Woodward Stores Limited - - - - -	355,000	.5
25,750	Industrial Acceptance Corporation - - - - -	511,781	.7	<b>Metal Products</b>			
<b>Forest Products</b>						1,625,000	2.2
		4,622,500	6.1	100,000	Hayes Dana Ltd. - - - - -	1,325,000	1.8
50,000	Fraser Companies - - - - -	925,000	1.2	10,000	P. L. Robertson Mfg. Co. - - - - -	300,000	.4
110,000	Great Lakes Paper - - - - -	1,897,500	2.5				
20,000	Maclaren Power & Paper Class "A" - - - - -	335,000	.4				
25,000	Maclaren Power & Paper Class "B" - - - - -	418,750	.6				
45,000	MacMillan, Bloedel Ltd. - - - - -	1,046,250	1.4				

# CANADIAN GENERAL INVESTMENTS LIMITED

No. of Shares		Total Market Value \$	% of Portfolio	No. of Shares		Total Market Value \$	% of Portfolio
	<b>Metals</b>	<b>6,095,000</b>	<b>8.1</b>		<b>Steel</b>	<b>8,962,500</b>	<b>11.9</b>
	(a) Base Metals	1,538,750	2.0	220,000	Algoma Steel Corporation - - -	4,125,000	5.5
50,000	Cominco Limited - - - - -	1,256,250	1.7	200,000	Dominion Foundries & Steel - -	3,825,000	5.1
5,000	Hudson Bay Mining & Smelting Co. - - - - -	282,500	.3	50,000	Steel Company of Canada - - -	1,012,500	1.3
	(b) Other Metals and Minerals	4,556,250	6.1				
50,000	Alcan Aluminium Ltd. - - - -	1,412,500	1.9		<b>Textiles and Chemicals</b>	<b>818,000</b>	<b>1.1</b>
25,000	International Nickel Co. of Canada - - - - -	3,143,750	4.2	16,000	Canadian Industries - - - - -	248,000	.3
				13,000	Dominion Textile - - - - -	227,500	.3
				20,000	Union Carbide - - - - -	342,500	.5
	<b>Oils</b>	<b>3,348,000</b>	<b>4.4</b>				
40,000	Imperial Oil - - - - -	2,790,000	3.7		<b>Utilities</b>	<b>1,320,000</b>	<b>1.8</b>
36,000	D. A. Stuart Oil - - - - -	558,000	.7	66,000	Consumers' Gas - - - - -	1,320,000	1.8
	<b>Packing</b>	<b>3,865,000</b>	<b>5.1</b>				
10,000	Canada Packers "A" Prefd. - - -	820,000	1.1		<b>Miscellaneous</b>	<b>1,571,035</b>	<b>2.1</b>
35,000	Canada Packers "B" - - - - -	3,045,000	4.0	5,000	Maple Leaf Mills - - - - -	73,750	.1
	<b>Pipelines</b>	<b>1,493,750</b>	<b>2.0</b>	24,000	Southam Press Limited - - - -	1,116,000	1.5
50,000	Interprovincial Pipe Line - - -	1,081,250	1.4	6,765	Traders' Building Association - -	257,070	.3
15,000	Trans-Canada Pipe Lines - - -	412,500	.6	5,070	United Canadian Shares - - - -	124,215	.2















AR29

**CANADIAN GENERAL INVESTMENTS LIMITED**

4 KING STREET WEST - SUITE 1410  
TORONTO, CANADA

**SEMI-ANNUAL REPORT**

JUNE 30, 1967

**BOARD OF DIRECTORS**

ALEX E. BARRON  
*Vice-President and Treasurer*

F. R. BENNETTO, M.B.

A. BRUCE MATTHEWS, C.B.E., D.S.O.

M. C. G. MEIGHEN, O.B.E.  
*President*

T. R. MEIGHEN, Q.C.

EDWARD F. RYAN

M. O. SIMPSON, JR.

J. ALLYN TAYLOR

COLIN W. WEBSTER

MARTIN L. WILLS  
*Vice-President*

D. J. A. WRIGHT

REGISTRAR AND TRANSFER AGENT

THE CANADA TRUST COMPANY  
33 ADELAIDE STREET WEST  
TORONTO 1

# CANADIAN GENERAL INVESTMENTS LIMITED

## BALANCE SHEET

ASSETS	June 30	
	1967	1966
Investments in shares (see Notes) . . . . .	\$39,004,560	\$38,974,025
(Value based on market quotations as at June 30, 1967—\$79,674,702 June 30, 1966—\$79,545,953)		
Short term securities, at cost plus accrued interest . . . . .	226,832	295,392
Cash in bank . . . . .	—	37,635
	<u>\$39,231,392</u>	<u>\$39,307,052</u>
LIABILITIES		
Bank indebtedness . . . . .	\$ 46,272	\$ —
Income taxes payable . . . . .	1,760	269
Capital and Surplus:		
Capital Stock:		
Authorized—		
16,937,416 3% non-cumulative non-voting preference shares with a par value of 20¢ each redeemable at the amount paid up thereon, after the issue and redemption during the six months ended June 30, 1967 of 5,765,646 shares		
1,000,000 common shares without par value		
Issued and outstanding—		
960,941 common shares . . . . .	24,023,525	24,023,525
Surplus . . . . .	15,159,835	15,283,258
	<u>39,183,360</u>	<u>39,306,783</u>
	<u>\$39,231,392</u>	<u>\$39,307,052</u>
Apparent liquidating value per share . . . . .	<u>\$ 83.10</u>	<u>\$ 83.13</u>

## AUDITORS' REPORT

To the Directors of  
CANADIAN GENERAL INVESTMENTS LIMITED:

We have examined the balance sheet of Canadian General Investments Limited as at June 30, 1967 and the statements of income and expense, surplus and source and application of funds for the six months then ended. Our examination included an inspection of share certificates and other evidence of the investments held by the company as at June 30, 1967 and a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at June 30, 1967 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, July 12, 1967.

PRICE WATERHOUSE & Co.,  
Chartered Accountants.

# CANADIAN GENERAL INVESTMENTS LIMITED

## STATEMENT OF INCOME AND EXPENSE

	For the Six Months ended June 30	
	1967	1966
Income:		
Dividends received . . . . .	\$ 1,420,810	\$ 1,349,843
Less—Allowance for depletion . . . . .	42,765	39,473
	1,378,045	1,310,370
Interest earned . . . . .	16,359	16,542
	1,394,404	1,326,912
Expense:		
Management fee . . . . .	86,640	103,200
Directors' fees . . . . .	2,700	3,005
Miscellaneous . . . . .	10,808	11,769
	100,148	117,974
Net income before provision for income taxes . . . . .	1,294,256	1,208,938
Provision for income taxes . . . . .	1,515	1,260
Net income for the period . . . . .	<u>\$ 1,292,741</u>	<u>\$ 1,207,678</u>

## STATEMENT OF SURPLUS

	For the Six Months ended June 30	
	1967	1966
Balance at beginning of period . . . . .	\$15,200,620	\$14,976,617
Net income for the period . . . . .	1,292,741	1,207,678
Net profit on investments sold . . . . .	—	75,765
	16,493,361	16,260,060
Dividends paid on common shares in preference shares subsequently redeemed . . . . .	1,153,129	960,941
Tax paid under Section 105(2) of the Income Tax Act . . . . .	180,397	15,861
	1,333,526	976,802
Balance at end of period . . . . .	<u>\$15,159,835</u>	<u>\$15,283,258</u>



## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1967

The carrying value of investments in shares is as follows:

- (a) Shares purchased prior to 1952 are at cost or at market value in 1952 when a portion of the portfolio was written up to approximate market value as part of a capital reorganization.
- (b) Shares purchased since 1952 have been recorded at cost.

In addition, the above carrying values have been reduced by the following:

- (a) Allowance for depletion on securities where the Government of Canada grants such allowances;
- (b) Stock dividends received where such stock dividends were paid out of accumulated surplus over and above the normal dividend.

Profits (or losses) on sales of investments have been taken at the difference between the proceeds received and the average net carrying value at the date of sale.

The indicated market values of portfolio holdings are the result of pricing the company's holdings at the closing quoted market prices as at June 30. Such amounts do not necessarily represent the value of the total holding in any company which may be more or less than that indicated by market quotations.

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	For the Six Months ended June 30	
	1967	1966
Source of funds:		
Net income for the period . . . . .	\$ 1,292,741	\$ 1,207,678
Add: Allowance for depletion which does not involve a current outlay of funds . . . . .	42,765	39,473
	1,335,506	1,247,151
Sale of investments . . . . .	—	109,908
	1,335,506	1,357,059
Application of funds:		
Dividends paid . . . . .	1,153,129	960,941
Tax paid under Section 105(2) of the Income Tax Act . . . . .	180,397	15,861
Purchase of investments . . . . .	131,000	396,969
	1,464,526	1,373,771
Net decrease in uninvested funds . . . . .	\$ 129,020	\$ 16,712